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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
_____)	

**DEBTORS' OBJECTION TO MOTION FOR RELIEF FROM THE
AUTOMATIC STAY OF 11 U.S.C. § 362 BY MED&G GROUP, LP**

Residential Capital, LLC and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), including GMAC Mortgage, LLC (“**GMAC Mortgage**”) and Executive Trustee Services, LLC (“**ETS**”) hereby submit this objection (the “**Objection**”) to the *Motion for Relief from the Automatic Stay of 11 U.S.C. § 362 by MED&G Group, LP* [Docket No. 2274] (the “**Motion**”). In support hereof, the Debtors respectfully state as follows:

OBJECTION

1. By the Motion, MED&G Group, LP (the “**Movant**”) seeks relief from the automatic stay in order to permit it to pursue cross-claims against GMAC Mortgage and ETS in a state court lawsuit captioned *Inoue v. GMAC Mortgage Corp.*, Case No.: SCV 248256 (Cal. Sup.

Ct.) (the “**Action**”). Motion ¶ 1. Movant alleges that its cross-claims against GMAC Mortgage and ETS arise from a September 13, 2010 trustee’s sale conducted by ETS in which Movant purchased property previously owned by Hitoshi and Wakana Inoue. Motion ¶¶ 4-7. Movant asserts that it is entitled to relief from the automatic stay to permit it to proceed with liquidating its cross-claims against the Debtors. *See* Motion ¶ 13.

2. On July 17, 2012, the Inoues filed a motion for relief from the automatic stay in these chapter 11 cases. The Inoues’ motion was later resolved by a stipulation (the “**Inoue Stipulation**”) approved by this Court on August 17, 2012 [Docket No. 1206]. Pursuant to the Inoue Stipulation, the Inoues obtained a limited modification of the automatic stay to permit them to proceed with their claims against the Debtors in the Action, by which the Inoues would liquidate any claims they may have against the Debtors. Inoue Stipulation ¶ 2. However, the Inoue Stipulation prevented the Inoues from enforcing any judgment they obtained against the Debtors in the Action, except though a proof of claim filed in the Debtors’ chapter 11 cases. *Id.* at ¶ 3.

3. The Debtors object to the Motion because Movant has not filed a proof of claim against the Debtors in these chapter 11 cases. The claims bar date in this case occurred on November 16, 2012. Having not filed a proof of claim prior to the claims bar date, Movant is “forever barred, estopped and enjoined” from asserting any prepetition claims against the Debtors. *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* [Docket No. 1309], at ¶ 11.¹ Accordingly, granting Movant relief from the automatic stay to pursue its cross-claims in the action for a monetary award against the Debtors would be futile,

¹ Movant appears to be a fund managed by Praxis Capital, LLC. Not only was Movant served with a bar date notice, but so was Praxis Capital, LLC and an entity called MED & Base Group LP, which may also be an associated fund. *See Affidavit of Service* [Docket No. 1412], Exhibit I at 7321 (Movant and MED & Base Group, LP) & 8649 (Praxis Capital, LLC).

because Movant would not be entitled to assert against the Debtors any money judgment arising from the Action.

4. To the extent Movant requires relief to proceed solely with its claim in the Action to quiet title and/or for declaratory relief, the Debtors do not object to a modification of the automatic stay for this limited purpose.

WHEREFORE, the Debtors respectfully submit that Movant is barred from asserting any claims arising from the prepetition trustee's sale of the Inoue property and that relief from the automatic stay should be denied, except to the extent set forth herein.

New York, New York
Dated: January 22, 2013

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